



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
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"To Enrich Lives Through Effective And Caring Service"

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November 05, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AMENDMENT NO. 1 TO LEASE NO.75599
PUBLIC DEFENDER
9830 NORWALK BOULEVARD, SUITE 150, SANTA FE SPRINGS
(FOURTH DISTRICT)
(3 VOTES)**

SUBJECT

A five-year lease amendment for the Public Defender to provide continued use of 30,911 square feet of warehouse space and 31 parking spaces.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chairman to sign the lease amendment with Colonnade Nobbs, LLC (Landlord) for the continued occupancy of 30,911 square feet of warehouse space and 31 parking spaces (Project) located at 9830 Norwalk Boulevard, Suite 150, Santa Fe Springs, for the Public Defender, at a maximum first year cost of \$281,908. The rental costs are 100 percent net County cost.
3. Authorize the Chief Executive Officer and the Public Defender to implement the project. The lease amendment will be effective upon approval by the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed lease amendment will allow the Public Defender (PD) to continue operating its Public Defender Electronic Document Management System (PDEDMS) Archives Warehouse (Warehouse) and the Public Defender Archives and Record Tracking System (PDARTS) for an additional five years. The PD has occupied this facility since 2006, and is currently on a month-to-month holdover.

The Warehouse serves as the central repository to store PD's closed and archived case files in perpetuity. PDEDMS has three components: a physical warehouse, which consolidates all archived physical files with electronic management tracking and retrieval; an electronic conversion process which converts all new files into electronic files as they are closed; and an electronic repository and retrieval system, which now holds and retrieves the newly converted digital files. Improved file storage and retrieval have facilitated and enhanced case preparation, case resolution, and reduced risk management issues. The subject facility houses 16 full-time employees.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. The proposed lease amendment supports this goal by providing PD an effective and efficient data retrieval system, thereby allowing employees to perform their duties more effectively and efficiently. The space is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide PD continued use of 30,911 square feet of warehouse space at a maximum first year lease cost of \$281,908. Attachment B is an overview of the lease costs.

The warehouse rent is subject to annual adjustment in accordance with changes to the Consumer Price Index (CPI), and the maximum annual adjustment will be 4 percent.

Sufficient funding for the proposed lease costs is included in the Fiscal Year (FY) 2014-15 Rent Expense budget and will be billed back to PD. PD has budgeted sufficient funding in its FY 2014-15 operating budget to cover the lease costs, which are 100 percent net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment includes the following provisions:

- A five-year extension term commencing upon approval by the Board.
- Modified gross lease whereby the Landlord is responsible for all operating costs associated with the County's occupancy of the premises, except utilities.
- A non-reimbursable Tenant Improvement (TI) allowance of \$7,500 for miscellaneous improvements.
- Cancellation provision allowing the County to cancel any time after the 48th month, with 120 days prior written notice to the Landlord.
- Annual CPI rental increases capped at 4 percent per annum commencing on the 13th month of the extended term.

The Chief Executive Office (CEO), Real Estate Division staff conducted a survey within the service area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically, nor are there any County-owned or leased facilities available for this program. Based upon said survey, staff has established that the rental range for similar office space and a similar lease structure is between \$6.60 and \$11.16 per square foot per year. Thus, the annual rent of \$9.12 per square foot per year modified gross for the proposed lease amendment represents a rate within market range for the area.

Attachment C shows County-owned or leased facilities in the proximity of the service area, and there are no suitable County-owned or leased facilities available for the program.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this lease amendment is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will continue to provide the necessary warehouse space for this County requirement. PD concurs with the proposed recommendation.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return two originals of the executed lease amendment, two certified copies of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal line extending to the right.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:TS:MMK:gw

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Defender

PUBLIC DEFENDER
9830 NORWALK BOULEVARD, SUITE 150, SANTA FE SPRINGS
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ²			X
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² This is warehouse space occupied by 16 full time staff.		X	
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program? 100% NCC	X		
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment C?	X		
	G	Was build-to-suit or capital project considered? Build-to-suit and capital projects are cost-prohibitive for PD.		X	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. <u>X</u> No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full service lease? ² Landlord is responsible for operating expenses, except utilities.		X	
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98				
	² If not, why not?				

**FISCAL IMPACT/FINANCING
OVERVIEW OF THE LEASE COSTS**

9830 Norwalk Boulevard, Suite 150, Santa Fe Springs	Existing Lease	Proposed Lease Amendment No. 1	Change
Area (square feet)	30,911	30,911	None
Term	(7/15/2006-7/14/2013) currently month-to-month	Five years upon Board adoption	+Five years
Annual Rent	\$281,559 (\$9.11/sq.ft.)	\$281,908.32 (\$9.12/sq.ft.)	+\$349
Cancellation	County may cancel any time after March 14, 2009 with 120 days notice	County may cancel any time after the 48 th month with 120 days notice	48 th month
Parking (included)	31	31	None
Rental Adjustment	Annual CPI increases with a 2% minimum and 4% maximum increase	Annual CPI increases with a 2% minimum and 4% maximum increase	None

**PUBLIC DEFENDER
SPACE SEARCH WITHIN A ONE-MILE PARAMETER OF
9830 NORWALK BOULEVARD, SUITE 150, SANTA FE SPRINGS**

LACO	FACILITY NAME	ADDRESS	OWNERSHIP	SQUARE GROSS	FEET NET	SQUARE FEET AVAILABLE
A176	HEALTH SERVICES-EMS	10100 PIONEER BLVD, SANTA FE SPRINGS 90670	LEASED	41720	39634	NONE
A355	DCFS-SANTA FE SPRINGS (SPA 7)	10355 SLUSHER DR, SANTA FE SPRINGS 90670	LEASED	65568	50633	NONE
A562	HEALTH-COUNTY EMERGENCY MEDICAL SERVICES(EMS)	10430 SLUSHER DR, SANTA FE SPRINGS 90670	LEASED	45290	44264	NONE
6335	PROBATION-RIO HONDO AREA OFFICE	8240 S BROADWAY AVE, WHITTIER 90606	OWNED	19997	12942	NONE
Y300	PUB LIB-LOS NIETOS LIBRARY	11640 E SLAUSON AVE, WHITTIER 90606	OWNED	16374	15877	NONE
A566	SHERIFF - SO CAL HIGH TECH TASK FORCE	9900 NORWALK BLVD, SANTA FE SPRINGS 90670	LEASED	22880	21736	NONE
A663	PUBLIC DEFENDER- DOCUMENT STORAGE	9830 NORWALK BLVD, SANTA FE SPRINGS 90670	LEASED	30911	29365	NONE
6368	PH-SANTA FE SPRINGS WAREHOUSE	10612 SHOEMAKER AVE, SANTA FE SPRINGS 90670	LEASED	9150	9150	NONE
X538	RR/CC - SERVICE CENTER COMPLEX (WAREHOUSE)	12680 CORRAL PLACE, SANTA FE SPRINGS 90650	OWNED	99494	94519	NONE
6343	AMELIA MAYBERRY PARK- GYMNASIUM	13201 E MEYER RD, WHITTIER 90605	OWNED	11688	11104	NONE

AMENDMENT NO. 1 TO COUNTY LEASE NO. 75599
PUBLIC DEFENDER
9830 NORWALK BOULEVARD, SUITE 150, SANTA FE SPRINGS

This Amendment No. 1 to Lease No. 75599 ("Amendment No. 1") is made and entered into this _____ day of _____, 2014, by and between COLONNADE NOBBS, LLC, a California limited liability company ("Landlord"), and the COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant" or "County").

WHEREAS, Landlord and Tenant entered into that certain County Lease No. 75599 dated March 14, 2006 (the "Lease"), whereby Landlord leased to Tenant approximately 30,911 rentable square feet of space in the building located at 9830 Norwalk Boulevard, Suite 150, Santa Fe Springs (the "Premises"), for a term of seven (7) years from July 15, 2006 to July 14, 2013 (the "Initial Term"); and

WHEREAS, The Lease No. 75599 expired on July 14, 2013 and Tenant has continued occupying the Premises on a holdover basis; and

WHEREAS, Landlord and Tenant desire to amend the Lease for the purpose of extending the Lease term; and

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants, and agreements hereinafter contained, Landlord and Tenant hereby agree to amend the Lease as follows:

1. Paragraph 1(e). TERM, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

The term of this Lease is hereby extended for five (5) years (the "Extended Term") and shall commence upon execution of this Amendment No. 1 by Tenant.

2. Paragraph 1(j). BASIC RENT, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

During the Extended Term, Tenant hereby agrees to pay as rent for the Premises the sum of Twenty Three Thousand Four Hundred Ninety Two and 36/100 Dollars (\$23,492.36) per month, i.e., \$0.76 per square foot per month (adjustable only as provided in Paragraph 5 of the Lease).

3. Paragraph 1(k). EARLY TERMINATION NOTICE DATE, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

Lessee shall have the right to cancel this Lease at or any time after the forty-eighth (48th) month of the Extended Term (the "Early Termination Notice Date").

4. Paragraph 5. RENT, is hereby deleted in its entirety and the following language is inserted in place thereof:

(a) Tenant shall pay Landlord the Base Rent stated in Section 1 during the term hereof within fifteen (15) days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles prior to the first day of each month. Base Rent for any partial month shall be prorated in proportion to the number of days in such month.

(b) Rent Adjustment. After the 12th month of the Extended Term (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Base Rent shall be adjusted by applying the CPI Formula set forth below.

(c) CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Riverside-Orange County, CA area, all items published by the United States, Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Base Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective (the "New Index"), and the denominator being the Index published for the month the Extended Term commenced (the "Base Index"). If the Index is changed so that the Index differs from that used as of the Commencement Date of the Extended Term, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics.

(d) Illustration of Formula. The formula for determining the new rent shall be as follows:

$$\frac{\text{New Index}}{\text{Base Index}} \times \$23,492.36 \text{ (Base Rent)} = \text{New Monthly Base}$$

(e) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI formula result in an increase of less than two percent (2%) per year nor more than four percent (4%) per year of the Base Rent of \$23,492.36 (i.e. not less than \$469.85 nor more than \$939.69 per month, per annual adjustment).

5. Paragraph 23. TENANT IMPROVEMENTS, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

Landlord shall provide to Tenant a \$7,500 Renovation Allowance to be used for renovating the Premises at Tenant's discretion during the Extended Term. Landlord shall contract with and pay the vendor(s) selected by Tenant to perform the renovations.

6. Notwithstanding anything to the contrary, all of the terms and conditions contained in the Lease shall remain in full force and effect. In the event of a conflict between the Lease and this Amendment No. 1, the terms of Amendment No. 1 shall control.

7. Each of the undersigned signatories for the Lessor personally covenant, warrant, and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment No. 1 upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Tenant from all damages, costs, and expenses, which result from a breach of this mutual representation.

8. All undefined terms when used herein shall have the same respective meanings as are given under the Lease unless expressly provided otherwise in this Amendment No. 1.

IN WITNESS WHEREOF, this Lease Amendment No. 1 has been executed the day and year first above set forth.

LANDLORD:

COLONNADE NOBBS, LLC

By : SCY Equities, LLC, its manager

By: _____

Name: Jack Carroll

Its: Principal, Dir of Asset Mgmt

TENANT:

COUNTY OF LOS ANGELES

a body politic and corporate

By: _____

Don Knabe

Chair, Board of Supervisors

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

Mark J. Saladino
County Counsel

By: C. J. J. J.
Deputy